CONDOMINIUM PUBLIC REPORT

Prepared & Issued by:

Developer CASTLE & COOKE RESORTS, LLC
Address 1311 Fraser Avenue, Lanai City, Hawaii 96763
Project Name(*): THE TERRACES, MANELE BAY – PHASE V
Address: Polihua Way, Lanai, Hawaii

Registration No. 5192

Effective date: October 9, 2003
Expiration date: November 9, 2004

Preparation of this Report:

This report has been prepared by the Developer pursuant to the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, as amended. This report is not valid unless the Hawaii Real Estate Commission has issued a registration number and effective date for the report.

This report has not been prepared or issued by the Real Estate Commission or any other government agency. Neither the Commission nor any other government agency has judged or approved the merits or value, if any, of the project or of purchasing an apartment in the project.

Buyers are encouraged to read this report carefully, and to seek professional advice before signing a sales contract for the purchase of an apartment in the project.

Expiration Date of Reports: Preliminary Public Reports and Final Public Reports automatically expire thirteen (13) months from the effective date unless a Supplementary Public Report is issued or unless the Commission issues an order, a copy of which is attached to this report, extending the effective date for the report.

Exception: The Real Estate Commission may issue an order, a copy of which shall be attached to this report, that the final public report for a two apartment condominium project shall have no expiration date.

Type of Report:

_X_ **PRELIMINARY: (yellow)** The developer may not as yet have created the condominium but has filed with the Real Estate Commission minimal information sufficient for a Preliminary Public Report. A Final Public Report will be issued by the developer when complete information is filed.

____ **CONTINGENT FINAL: (green)** The developer has legally created a condominium and has filed information with the Commission for this report which EXPIRES NINE (9) MONTHS after the above effective date. Contingent Final public reports may not be extended or renewed.
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.

____ **FINAL: (white)** The developer has legally created a condominium and has filed complete information with the Commission.
[ ] No prior reports have been issued.
[ ] This report supersedes all prior public reports.
[ ] This report must be read together with _____

____ **SUPPLEMENTARY: (pink)** This report updates information contained in the:
[ ] Preliminary Public Report dated: _____
[ ] Final Public Report dated: _____
[ ] Supplementary Public Report dated: _____

And
[ ] Supersedes all prior public reports.
[ ] Must be read together with _____
[ ] This report reactivates the _____ public report(s) which expired on _____

(*) Exactly as named in the Declaration

This material can be made available for individuals with special needs. Please call the Senior Condominium Specialist at 586-2644 to submit your request.

FORM: RECO-30 1297 / 0298 / 0800 / 0203

Disclosure Abstract: Separate Disclosure Abstract on this condominium project:

[X] Required and attached to this report as Exhibit "H"

[ ] Not Required - Disclosures covered in this report.

Summary of Changes from Earlier Public Reports:

This summary contains a general description of the changes, if any, made by the developer since the last public report was issued. It is not necessarily all inclusive. Prospective buyers should compare this public report with the earlier reports if they wish to know the specific changes that have been made.

[X] No prior reports have been issued by the developer.

[ ] Changes made are as follows:

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General Information On Condominiums

A condominium is a special form of real property. To create a condominium in Hawaii, the requirements of the Condominium Property Act, Chapter 514A, Hawaii Revised Statutes, must be complied with. In addition, certain requirements and approvals of the County in which the project is located must be satisfied and obtained.

Some condominium projects are leasehold. This means that the land or the building(s) and other improvements are leased to the buyer. The lease for the land usually requires that at the end of the lease term, the lessees (apartment owners/tenants) deliver their interest in the land to the lessor (fee property owner). The lease also usually requires that the lessees either (1) convey to the lessor the building(s) and other improvements, including any improvements paid for by the lessees; or (2) remove or dispose of the improvements at the lessee's expense. Leases for individual apartments often require that at the end of the lease term, the lessee deliver to the lessor the apartment, including any improvements placed in the apartment by the lessee.

If you are a typical condominium apartment owner, you will have two kinds of ownership: (1) ownership in your individual apartment; and (2) an undivided interest in the common elements.

"Common elements" are the areas of the condominium project other than the individual apartments. They are owned jointly by all apartment owners and include the land, either in fee simple or leasehold, and those parts of the building or buildings intended for common use such as foundations, columns, roofs, halls, elevators, and the like. Your undivided interest in the common elements cannot be separated from ownership of your apartment.

In some condominium projects, some common elements are reserved for the exclusive use of the owners of certain apartments. These common elements are called "limited common elements" and may include parking stalls, patios, lanais, trash chutes, and the like.

You will be entitled to exclusive ownership and possession of your apartment. Condominium apartments may be individually bought, sold, rented, mortgaged or encumbered, and may be disposed of by will, gift, or operation of law.

Your apartment will, however, be part of the group of apartments that comprise the condominium project. Study the project's Declaration, Bylaws, and House Rules. These documents contain important information on the use and occupancy of apartments and the common elements as well as the rules of conduct for owners, tenants, and guests.

Operation of the Condominium Project

The Association of Apartment Owners is the entity through which apartment owners may take action with regard to the administration, management, and operation of the condominium project. Each apartment owner is automatically a member of the Association.

The Board of Directors is the governing body of the Association. Unless you serve as a board member or an officer, or are on a committee appointed by the board, your participation in the administration and operation of the condominium project will in most cases be limited to your right to vote as an apartment owner. The Board of Directors and officers can take certain actions without the vote of the owners. For example, the board may hire and fire employees, increase or decrease maintenance fees, borrow money for repair and improvements and set a budget. Some of these actions may significantly impact the apartment owners.

Until there is a sufficient number of purchasers of apartments to elect a majority of the Board of Directors, it is likely that the developer will effectively control the affairs of the Association. It is frequently necessary for the developer to do so during the early stages of development and the developer may reserve certain special rights to do so in the Declaration and Bylaws. Prospective buyers should understand that it is important to all apartment owners that the transition of control from the developer to the apartment owners be accomplished in an orderly manner and in a spirit of cooperation.

I. PERSONS CONNECTED WITH THE PROJECT

Developer: Castle & Cooke Resorts, LLC
Name*
1311 Fraser Avenue
Business Address
Lanai City, Hawaii 96763
Phone: (808) 565-3000 (Business)

Names of officers and directors of developers who are corporations; general partners of a partnership; partners of a Limited Liability Partnership (LLP); or manager and members of a Limited Liability Company (LLC) (attach separate sheet if necessary):
See Page 5a

Real Estate Broker*: Lanai Developers, LLC
dba Island of Lanai Properties
Name
1311 Fraser Avenue
Business Address
Lanai City, Hawaii 96763
Phone: (808) 565-3000 (Business)

Escrow: Title Guaranty Escrow Services, Inc.
Name
235 Queen Street, 1st Floor
Business Address
Honolulu, Hawaii 96813
Phone: (808) 521-0211 (Business)

General Contractor*: Lanai Builders, Inc.
Name
1311 Fraser Avenue
Business Address
Lanai City, Hawaii 96763
Phone: (808) 565-3000 (Business)

Condominium Managing Agent*: Hawaiiana Management Company, Ltd.
Name
140 Hoohana Street, Suite 205
Business Address
Kahului, Hawaii 96732
Phone: (808) 270-3218 (Business)

Attorney for Developer: Goodsill Anderson Quinn & Stifel
(Gail O. Ayabe)
Name
1099 Alakea Street, 18th Floor
Business Address
Honolulu, Hawaii 96813
Phone: (808) 547-5600 (Business)

* For Entities: Name of corporation, partnership, Limited Liability Partnership (LLP), or Limited Liability Company (LLC)

Name of officers or general partners of developers who are corporations or partnerships:

Gerrit Cormany	President
Edward C. Roohan	Executive Vice President
Douglas A. Shipman	Executive Vice President, Real Estate and Isle Operations
Richard K. Mirikitani	Vice President; Secretary
Bonnie E. Freitas	Vice President; Assistant Secretary
Mary J. Garnett	Vice President; Assistant Secretary
Timothy A. Hill	Vice President, Finance and IT
Rosalinda V. Oasay	Vice President; Assistant Treasurer
Richard S. Wolff	Vice President; Assistant Treasurer
Matthew C. Hart	Vice President, Resorts
Ralph N. Masuda	Vice President
Philip Young	Vice President, Human Resources

II. CREATION OF THE CONDOMINIUM; CONDOMINIUM DOCUMENTS

A condominium is created by recording in the Bureau of Conveyances and/or filing with the Land Court a Declaration of Condominium Property Regime, a Condominium Map (File Plan), and the Bylaws of the Association of Apartment Owners. The Condominium Property Act (Chapter 514A, HRS), the Declaration, Bylaws, and House Rules control the rights and obligations of the apartment owners with respect to the project and the common elements, to each other, and to their respective apartments. The provisions of these documents are intended to be, and in most cases are, enforceable in a court of law.

A. **Declaration of Condominium Property Regime** contains a description of the land, buildings, apartments, common elements, limited common elements, common interests, and other information relating to the condominium project.

The Declaration for this condominium is:

[X] Proposed
[ ] Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
[ ] Filed - Land Court: Document No. _____

The Declaration referred to above has been amended by the following instruments [state name of document, date and recording/filing information]:

B. ***Condominium Map (File Plan)*** shows the floor plan, elevation and layout of the condominium project. It also shows the floor plan, location, apartment number, and dimensions of each apartment.

The Condominium Map for this condominium project is:

[X] Proposed
[ ] Recorded - Bureau of Conveyances Condo Map No. _____
[ ] Filed - Land Court Condo Map No. _____

The Condominium Map has been amended by the following instruments [state name of document, date and recording/filing information]:

C. **Bylaws of the Association of Apartment Owners** govern the operation of the condominium project. They provide for the manner in which the Board of Directors of the Association of Apartment Owners is elected, the powers and duties of the Board, the manner in which meetings will be conducted, whether pets are prohibited or allowed and other matters which affect how the condominium project will be governed.

The Bylaws for this condominium are:

[X] Proposed
[ ] Recorded - Bureau of Conveyances: Document No. _____
Book _____ Page _____
[ ] Filed - Land Court: Document No. _____

The Bylaws referred to above have been amended by the following instruments [state name of document, date and recording/filing information]:

D. **House Rules.** The Board of Directors may adopt House Rules to govern the use and operation of the common elements and limited common elements. House Rules may cover matters such as parking regulations, hours of operation for common facilities such as recreation areas, use of lanais and requirements for keeping pets. These rules must be followed by owners, tenants, and guests. They do not need to be recorded or filed to be effective. The initial House Rules are usually adopted by the developer.

The House Rules for this condominium are:

[X] Proposed [ ] Adopted [ ] Developer does not plan to adopt House Rules

E. **Changes to Condominium Documents**. Changes to the Declaration, Condominium Map, and Bylaws are effective only if they are duly adopted and recorded and/or filed. Changes to House Rules do not need to be recorded or filed to be effective.

1. Apartment Owners: Minimum percentage of common interest which must vote for or give written consent to changes:

	Minimum Set by Law	This Condominium	**The Developer's written consent also is required to amend any provision that gives the Developer any right or authority
Declaration (and Condo Map)	75%*	75%**	
Bylaws	65%	65%	
House Rules	---	Majority of the Board of Directors	

* The percentages for individual condominium projects may be more than the minimum set by law for projects with five or fewer apartments.

2. Developer:

[ ] No rights have been reserved by the developer to change the Declaration, Condominium Map, Bylaws or House Rules.

[X] Developer has reserved the following rights to change the Declaration, Condominium Map, Bylaws or House Rules:

The Developer may amend the Declaration, By-Laws and Condominium Map (a) at any time prior to the filing of the first apartment conveyance to a party not signatory to the Declaration; (b) to make any amendments required by law, by the Real Estate Commission of the State of Hawaii, by any title insurance company issuing title insurance on the Project or any of the apartments, by any institutional lender lending funds on the security of the Project or any of the apartments, by any purchaser, insurer or guarantor of loans, including, for example, the Federal Housing Administration, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, to enable it to purchase, insure or guarantee a loan made on the security of the Project or any of the apartments, or by any governmental agency; (c) to file the "as built" verified statement required by Section 514A-12, HRS; (d) to change the designation of parking stalls which are appurtenant to apartments owned by the Developer; (e) to reflect alterations of the Project which the Developer is permitted to make pursuant to Paragraph 3 of Section R of the Declaration; (f) at any time to effect the changes provided in the Declaration of Merger of Condominium Phases referred to in Section S of the Declaration, including the right to merge the Project with one or more condominium projects located or to be located on lands (or a portion or portions thereof) adjacent to or in the vicinity of the Project site.

III. THE CONDOMINIUM PROJECT

A. **Interest to be Conveyed to Buyer:**

[X] Fee Simple: Individual apartments and the common elements, which include the underlying land, will be in fee simple.

[ ] Leasehold or Sub-leasehold: Individual apartments and the common elements, which include the underlying land will be leasehold.

Leases for the individual apartments and the underlying land usually require that at the end of the lease term, the lessee (apartment owner/tenant) deliver to the lessor (fee property owner) possession of the leased premises and all improvements, including improvements paid for by the lessee.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

For Sub-leaseholds:

[ ] Buyer's sublease may be canceled if the master lease between the sublessor and fee owner is:
[ ] Canceled [ ] Foreclosed

[ ] As long as the buyer is not in default, the buyer may continue to occupy the apartment and/or land on the same terms contained in the sublease even if the master lease is canceled or foreclosed.

[ ] Individual Apartments in Fee Simple; Common Interest in the Underlying Land in Leasehold or Sub-leasehold:

Leases for the underlying land usually require that at the end of the lease term, the lessees *(apartment owners/tenants) deliver to the lessor (fee property owner) their interest in the land* and that they either (1) remove or dispose of the building(s) and other improvements at the lessee's expense; or (2) convey the building(s) and improvements to the lessor, often at a specified price.

Exhibit _____ contains further explanations regarding the manner in which the renegotiated lease rents will be calculated and a description of the surrender clause provision(s).

Lease Term Expires: _____ Rent Renegotiation Date(s): _____

Lease Rent Payable: [ ] Monthly [ ] Quarterly
[ ] Semi-Annually [ ] Annually

Exhibit _____ contains a schedule of the lease rent for each apartment per: [ ] Month [ ] Year

[ ] Other:

IMPORTANT INFORMATION ON LEASEHOLD CONDOMINIUM PROJECTS

The information contained in this report is a summary of the terms of the lease. For more detailed information, you should secure a copy of the lease documents and read them thoroughly.

If you have any legal questions about leasehold property, the lease documents or the terms of the lease and the consequences of becoming a lessee, you should seek the advice of an attorney.

There are currently no statutory provisions for the mandatory conversion of leasehold condominiums and there are no assurances that such measures will be enacted in the future.

In leasehold condominium projects, the buyer of an apartment will acquire the right to occupy and use the apartment for the time stated in the lease agreement. The buyer will not acquire outright or absolute fee simple ownership of the land. The land is owned by the lessor or the leased fee owner. The apartment owner or lessee must make lease rent payments and comply with the terms of the lease or be subject to the lessor's enforcement actions. The lease rent payments are usually fixed at specific amounts for fixed periods of time, and are then subject to renegotiation. Renegotiation may be based on a formula, by arbitration set in the lease agreement, by law or by agreement between the lessor and lessee. The renegotiated lease rents may increase significantly. At the end of the lease, the apartment owners may have to surrender the apartments, the improvements and the land back to the lessor without any compensation (surrender clause).

When leasehold property is sold, title is normally conveyed by means of an assignment of lease, the purpose of which is similar to that of a deed. The legal and practical effect is different because the assignment conveys only the rights and obligations created by the lease, not the property itself.

The developer of this condominium project may have entered into a master ground lease with the fee simple owner of the land in order to develop the project. The developer may have then entered into a sublease or a new lease of the land with the lessee (apartment owner). The developer may lease the improvements to the apartment owner by way of an apartment lease or sublease, or sell the improvements to the apartment owners by way of a condominium conveyance or apartment deed.

B. **Underlying Land:**

Address: Polihua Way, Lanai, Hawaii Tax Map Key (TMK): (2) 4-9-022-014

[ ] Address [ ] TMK is expected to change because _____

Land Area: 3.479 [ ] square feet [X] acre(s) Zoning: Project District/MF

Fee Owner: Castle & Cooke Resorts, LLC
Name
1311 Fraser Avenue
Address
Lanai City, Hawaii 96763

Lessor: N/A
Name

Address

C. **Buildings and Other Improvements:**

1. [X] New Building(s)
[ ] Conversion of Existing Building(s)
[ ] Both New Building(s) and Conversion

2. Number of Buildings: 2 Floors Per Building: 1 and 2

[ ] Exhibit _____ contains further explanations.

3. Principal Construction Material:

[ ] Concrete [ ] Hollow Tile [X] Wood

[X] Other gypsum board, p.c. plaster, glazed terra cotta roof tiles, glass and other allied construction materials

4. Uses Permitted by Zoning:

		No. of Apts.	Use Permitted By Zoning	
[X]	Residential	8	[X] Yes	[ ] No
[ ]	Commercial		[ ] Yes	[ ] No
[ ]	Mix Res/Comm		[ ] Yes	[ ] No
[ ]	Hotel		[ ] Yes	[ ] No
[ ]	Timeshare		[ ] Yes	[ ] No
[ ]	Ohana		[ ] Yes	[ ] No
[ ]	Industrial		[ ] Yes	[ ] No
[ ]	Agricultural		[ ] Yes	[ ] No
[ ]	Recreational		[ ] Yes	[ ] No
[ ]	Other		[ ] Yes	[ ] No

Is/Are this/these use(s) specifically permitted by the project's Declaration or Bylaws?
[X] Yes [ ] No

5. Special Use Restrictions:

The Declaration and Bylaws may contain restrictions on the use and occupancy of the apartments. Restrictions for this condominium project include but are not limited to:

[X] Pets: No animals allowed, except that dogs, cats, fish, tropical birds and other household pets (as determined by the Board of Directors) in reasonable number and size as determined by the Board of Directors (but not to exceed a total of three (3) such animals (except for aquarium fish) per apartment) may be kept by owners and occupants.

[ ] Number of Occupants: _____

[ ] Other: _____

[ ] There are no special use restrictions.

6. Interior (fill in appropriate numbers):

Elevators: 0 Stairways: 2 in each building Trash Chutes: 0

Apt. Type	Quantity	BR/Bath	Net Living Area (sf)*	Net Other Area (sf)	(Identify)
See EXHIBIT A					

Total Number of Apartments: 8

*** Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.**

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

Boundaries of Each Apartment:

SEE EXHIBIT B

Permitted Alterations to Apartments:

SEE EXHIBIT C

Apartments Designated for Owner-Occupants Only:
Fifty percent (50%) of **residential** apartments must be so designated; developer has a right to substitute similar apartments for those apartments already designated. *Developer must provide this information* either in a published announcement or advertisement as required by section 514A-102, HRS; or include the information here in this public report and in the announcement. Developer has elected to provide the information in a published announcement or advertisement.

7. Parking Stalls:

Total Parking Stalls: 24

	Regular		Compact		Tandem		
	Covered	Open	Covered	Open	Covered	Open	TOTAL
Assigned (for each unit)	16*	8					24
Guest							0
Unassigned							0
Extra for Purchase							0
Other:							0
Total Covered & Open:	24		0		0		24

Each apartment will have the exclusive use of at least 3 parking stall(s).
Buyers are encouraged to find out which stall(s) will be available for their use.

*Each apartment has a two-stall garage assigned to it.

[ ] Commercial parking garage permitted in condominium project.

[X] Exhibit F contains additional information on parking stalls for this condominium project.

8. Recreational and Other Common Facilities:

[X] There are no recreational or common facilities.

[ ] Swimming pool [ ] Storage Area [ ] Recreation Area

[ ] Laundry Area [ ] Tennis Court [ ] Trash Chute/Enclosure(s)

[ ] Other: _____

9. Compliance With Building Code and Municipal Regulations; Cost to Cure Violations

[X] There are no violations. [ ] Violations will not be cured.

[ ] Violations and cost to cure are listed below: [ ] Violations will be cured by _____ (Date)

10. Condition and Expected Useful Life of Structural Components, Mechanical, and Electrical Installations (For conversions of residential apartments in existence for at least five years): Not Applicable.

11. Conformance to Present Zoning Code

a. [X] No variances to zoning code have been granted.

[ ] Variance(s) to zoning code was/were granted as follows:

b. Conforming/Non-Conforming Uses, Structures, Lot

In general, a non-conforming use, structure, or lot is a use, structure, or lot which was lawful at one time but which does not now conform to present zoning requirements.

	Conforming	Non-Conforming	Illegal
Uses	X		
Structures	X		
Lot	X		

If a variance has been granted or if uses, improvements or lot are either non-conforming or illegal, buyer should consult with county zoning authorities as to possible limitations which may apply.

Limitations may include restrictions on extending, enlarging, or continuing the non-conformity, and restrictions on altering and repairing structures. In some cases, a non-conforming structure that is destroyed or damaged cannot be reconstructed.

The buyer may not be able to obtain financing or insurance if the condominium project has a *non-conforming or illegal use, structure, or lot.*

D. **Common Elements, Limited Common Elements, Common Interest:**

1 Common Elements: Common Elements are those parts of the condominium project other than the individual apartments. Although the common elements are owned jointly by all apartment owners, those *portions of the common elements which are designated as limited common elements* (see paragraph 2 below) may be used only by those apartments to which they are assigned. The common elements for this project, as described in the Declaration, are:

[X] described in Exhibit D.

[ ] *as follows:*

2. Limited Common Elements: Limited Common Elements are those common elements which are reserved for the exclusive use of the owners of certain apartments.

[ ] There are no limited common elements in this project.

[X] The limited common elements and the apartments which use them, as described in the Declaration, are:

[X] described in Exhibit E/F.

[ ] as follows:

3. Common Interest: Each apartment will have an undivided fractional interest in all of the common elements. This interest is called the "common interest." It is used to determine each apartment's share of the maintenance fees and other common profits and expenses of the condominium project. It may also be used for other purposes, including voting on matters requiring action by apartment owners. The common interests for the apartments in this project, as described in the Declaration, are:

[X] described in Exhibit F.

[ ] as follows:

E. **Encumbrances Against Title:** An encumbrance is a claim against or a liability on the property or a document affecting the title or use of the property. Encumbrances may have an adverse effect on the property or your purchase and ownership of an apartment in the project.

Exhibit G describes the encumbrances against the title contained in the title report dated July 13, 2003, and issued by Title Guaranty of Hawaii, Incorporated.

Blanket Liens:

A blanket lien is an encumbrance (such as a mortgage) on the entire condominium project that secures some type of monetary debt (such as a loan) or other obligation. A blanket lien is usually released on an apartment-by-apartment basis upon payment of specified sums so that individual apartments can be conveyed to buyers free and clear of the lien.

[ ] There are no blanket liens affecting title to the individual apartments.

[X] There are blanket liens which may affect title to the individual apartments.

Blanket liens (except for improvement district or utility assessments) must be released before the developer conveys the apartment to a buyer. The buyer's interest will be affected if the developer defaults and the lien is foreclosed prior to conveying the apartment to buyer.

Type of Lien	Effect on Buyer's Interest and Deposit if Developer Defaults or Lien is Foreclosed **Prior to Conveyance**
Mortgage lien(s) of Developers lender(s)	Buyer's interest is specifically made subject and subordinate to such liens

F. **Construction Warranties:**

Warranties for individual apartments and the common elements, including the beginning and ending dates for each warranty, are as follows:

1. Building and Other Improvements:

SEE SECTION 3 OF EXHIBIT H (DISCLOSURE ABSTRACT)

2. Appliances:

SEE SECTION 3 OF EXHIBIT H (DISCLOSURE ABSTRACT)

G. **Status of Construction and Date of Completion or Estimated Date of Completion:**

The Developer estimates that construction of the Project, which commenced in March 2003, will be completed in or before March 2006.

H. ***Project Phases:***

The developer [X] has [ ] has not reserved the right to add to, merge, or phase this condominium.

Summary of Developer's plans or right to perform for future development (such as additions, mergers or phasing):

The Developer, at its option, has the right, but not the obligation, to expand the Project by merging, either through an administrative merger or mergers or an ownership merger or mergers, the Project with one or more condominium projects located or to be located on lands (or a portion or portions thereof) adjacent to or in the vicinity of the Project site, and to amend the Declaration to provide for such merger or mergers without obtaining the approval, consent or joinder of any owner, mortgagee or purchaser of any apartment, all as set forth in that certain Declaration of Merger of Condominium Phases referred to in Section S of the Declaration.

IV. CONDOMINIUM MANAGEMENT

A. **Management of the Common Elements:** The Association of Apartment Owners is responsible for the management of the common elements and the overall operation of the condominium project. The Association may be permitted, and in some cases may be required, to employ or retain a condominium managing agent to assist the Association in managing the condominium project.

Initial Condominium Managing Agent: When the developer or the developer's affiliate is the initial condominium managing agent, the management contract must have a term of one year or less and the parties must be able to terminate the contract on notice of 60 days or less.

The initial condominium managing agent for this project, named on page five (5) of this report, is:

[X] not affiliated with the Developer
[ ] self-managed by the Association of Apartment Owners
[ ] the Developer or Developer's affiliate
[ ] Other: _____

B. **Estimate of Initial Maintenance Fees:**

The Association will make assessments against your apartment to provide funds for the operation and maintenance of the condominium project. If you are delinquent in paying the assessments, a lien may be placed on your apartment and the apartment may be sold through a foreclosure proceeding.

Initial maintenance fees are difficult to estimate and tend to increase as the condominium ages. Maintenance fees may vary depending on the services provided.

Disclosure Abstract
Exhibit ___H___ contains a schedule of estimated initial maintenance fees and maintenance fee disbursements (subject to change).

C. **Utility Charges for Apartments:**

Each apartment will be billed separately for utilities except for the following checked utilities which are included in the maintenance fees:

[ ] None [X] Electricity (_X_ Common Elements only ___ Common Elements & Apartments)

[ ] Gas (___ Common Elements only ___ Common Elements & Apartments)

[X] Water* [X] Sewer [ ] Television Cable

[ ] Other _____

*Common Elements only

V. MISCELLANEOUS

A. **Sales Documents Filed With the Real Estate Commission:**

Sales documents on file with the Real Estate Commission include but are not limited to:

[ ] Notice to Owner Occupants

[X] Specimen Sales Contract
Exhibit ___I___ contains a summary of the pertinent provisions of the sales contract.

[X] Escrow Agreement dated February 19, 2003
Exhibit ___J___ contains a summary of the pertinent provisions of the escrow agreement.

[X] Other Disclosure of Real Property Condition Statement

B. **Buyer's Right to Cancel Sales Contract:**

1. Rights Under the Condominium Property Act (Chapter 514A, HRS):

Preliminary Report: Sales made by the developer are not binding on the prospective buyer. Sales made by the developer may be binding on the developer unless the developer clearly states in the sales contract that sales are not binding. A prospective buyer who cancels the sales contract is entitled to a refund of all moneys paid, less any escrow cancellation fee up to $250.00.

Supplementary Report to a Preliminary Report: Same as for Preliminary Report.

Contingent Final Report or Supplementary Report to a Contingent Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) Either the Contingent Final Public Report **OR** the Supplementary Public Report which has superseded the Contingent Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
B) The buyer is given an opportunity to read the report(s); **AND**
C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Final Report or Supplementary Report to a Final Report: Sales made by the developer are binding if:

A) The Developer delivers to the buyer a copy of:
   1) Either the Final Public Report **OR** the Supplementary Public Report which has superseded the Final Public Report for which an effective date has been issued by the Real Estate Commission; **AND**
   2) Any other public report issued by the developer prior to the date of delivery, if the report was not previously delivered to the buyer and if the report has not been superseded;
B) The buyer is given an opportunity to read the report(s); **AND**
C) One of the following has occurred:
   1) The buyer has signed a receipt for the report(s) and waived the right to cancel; or
   2) Thirty (30) days have passed from the time the report(s) were delivered to the buyer; or
   3) The apartment is conveyed to the buyer within 30 days from the date the report(s) were delivered to the buyer.

Material Change: Binding contracts with the Developer may be rescinded by the buyer if:

A) There is a material change in the project which directly, substantially, and adversely affects (1) the use or value of the buyer's apartment or its limited common elements; or (2) the amenities available for buyer's use; **AND**

B) The buyer has not waived the right to rescind.

If the buyer rescinds a binding sales contract because there has been a material change, the buyer is entitled to a full and prompt refund of any moneys the buyer paid.

2. Rights Under the Sales Contract: Before signing the sales contract, prospective buyers should ask to see and carefully review all documents relating to the project. If these documents are not in final form, the buyer should ask to see the most recent draft. These include but are not limited to the:

A) Condominium Public Reports issued by the developer which have been issued an effective date by the Hawaii Real Estate Commission.
B) Declaration of Condominium Property Regime, as amended.
C) Bylaws of the Association of Apartment Owners, as amended.
D) House Rules, if any.
E) Condominium Map, as amended.
F) Escrow Agreement.
G) Hawaii's Condominium Property Act (Chapter 514A, HRS, as amended) and Hawaii Administrative Rules, (Chapter 16-107, adopted by the Real Estate Commission, as amended).
H) Other Manele Covenants; Declaration of Merger of Condominium Phases

Copies of the condominium and sales documents and amendments made by the developer are available for review through the developer or through the developer's sales agent, if any. Reprints of Hawaii's Condominium Property Act (Chapter 514A, HRS) and Hawaii Administrative Rules, Chapter 16-107, are available at the Cashier's Office, Department of Commerce and Consumer Affairs, 1010 Richards Street, 3rd Floor, Honolulu, Hawaii, mailing address: P. 0. Box 541, Honolulu, HI 96809, at a nominal cost.

This Public Report is a part of Registration No. 5192 filed with the Real Estate Commission on September 11, 2003.

Reproduction of Report. When reproduced, this report must be on:

[X] YELLOW paper stock [ ] WHITE paper stock [ ] PINK paper stock [ ] GREEN paper stock

C. **Additional Information Not Covered Above**

1. MANELE COVENANTS.

a. The Declaration of Condominium Property Regime provides that all present and future apartment owners, tenants and occupants of apartments shall be bound by and subject to the provisions of that certain Declaration of Covenants, Conditions and Restrictions for Manele Bay dated June 13, 1999, filed in the Office of the Assistant Registrar of the Land Court of Hawaii as Document No. 2388378, and also recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 97-083242, as amended from time to time (the "Manele Covenants"). The Manele Covenants provide, among other things, that Buyer automatically becomes a member of the Manele Bay Homeowners Association upon issuance of the Apartment Deed to Buyer, and that Buyer must pay assessments to the Manele Bay Homeowners Association, as set forth in the Manele Covenants.

b. Access to and use of certain real property and any improvements and facilities thereon located adjacent to, in the vicinity of, or within the property covered by the Manele Covenants, which are privately owned and operated by persons other than the Manele Bay Homeowners Association for recreational, commercial and related purposes, on a club membership basis, use fee basis, or otherwise, and shall include, without limitation, the Golf Course Property (as defined in the Manele Covenants) and the Hotel Property (as defined in the Manele Covenants) (the "Private Amenities"), are strictly subject to the rules and procedures of the respective owners of the Private Amenities, and no person gains any right to enter or to use or to otherwise benefit from those facilities by virtue of membership in the Manele Bay Homeowners Association or ownership or occupancy of a Lot, which shall include, without limitation, a condominium apartment. No representations or warranties, either written or oral, express or implied, have been or are made by the Developer or any other person with regard to the nature or size of improvements to, or the continuing ownership or operation of, the Private Amenities.

2. REPAIR AND MAINTENANCE OF APARTMENTS AND COMMON ELEMENTS. The By-Laws provide that every apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep his apartment, including without limitation all doors, sliding glass doors (if any), windows, window fixtures, and all internal installations within the apartment such as water, electricity, gas (if any), telephone, sanitation, lights, and all other fixtures and accessories belonging to such apartment, if any, and the interior decorated or finished surfaces of all walls, partitions, floors, ceilings and roofs of such apartment, if any, with all necessary reparations and amendments whatsoever in good order and condition, except as otherwise provided by law or the Declaration, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work diligently, and in case of such failure after reasonable notice to perform shall reimburse to the Association promptly on demand all expenses incurred by it in performing any such work authorized by the Board of Directors or the Managing Agent.

In addition, each apartment owner shall at his own expense at all times well and substantially repair, maintain, amend and keep the spa (if any), the barbecue and sink (if any), and any other improvements (other than the trellises which shall be maintained by the Association) located within the terrace area appurtenant to and reserved for the exclusive use of such owner's apartment, in good order and condition, and shall be liable for all loss or damage whatsoever caused by his failure to perform any such work, and in case of such owner's failure after reasonable notice to keep these areas as aforesaid, the Association (through the Board of Directors or the Managing Agent) shall have the right (but not the obligation) to perform any such work and the cost thereof shall be charged to such apartment owner as a special assessment constituting a lien against his interest in his apartment which may before-closed by the Board or Managing Agent in the same manner as provided in the Condominium Property Act for unpaid common expenses.

Except as hereinabove expressly provided to the contrary, all maintenance, repairs and replacements to the common elements, (including, without limitation, the trellises located within the terrace areas), whether located inside or outside of the apartments, shall be made by the Board and be charged to all the owners as a common expense or a limited common expense; provided, however, that any such maintenance, repair or replacement necessitated by the negligence, misuse or neglect of an apartment owner or occupant or any person under either of them, shall be charged to such apartment owner or the apartment owner of the apartment of such occupant, as a special assessment constituting a lien against his interest in his apartment which may be foreclosed by the Board or Managing Agent in the same manner as provided in the Condominium Property Act for unpaid common expenses.

3. SPECIAL MANAGEMENT AREA USE PERMIT. On December 14, 1995, the Lanai Planning Commission approved the Developer's request for a Special Management Area Use Permit and Project District Phase II for Residential and Multi-Family Development, covering certain land owned by the Developer, including the land that is part of the Project. The Lanai Planning Commission's approval was subject to certain conditions, including, without limitation, the following: (a) That no accessory dwellings shall be permitted on the single-family lots; and (b) That direct views from the single family homes to the Archeological Preserve shall be minimized or mitigated.

4. MANELE BAY GOLF COURSE. Supreme Court No. 22564, entitled Lanai Company, Inc. v. Land Use Commission and Lanaians for Sensible Growth, is pending in the Hawaii Supreme Court. This appeal from a lower court decision in favor of the Developer concerns the use of water upon the Manele Bay Golf Course, which is in the vicinity of the Project. The outcome of this appeal could affect the operation and appearance of the Manele Bay Golf Course.

5. NO MAIL DELIVERY. The United States Postal Services currently has no provision for home mail delivery to the Project. Owners of apartments in the Project may

receive mail general delivery in Lanai City or may rent post office boxes in Lanai City. If postal delivery becomes available to the Project in the future, a mail box will be provided for each apartment.

6. ROADWAYS PROVIDING ACCESS TO THE PROJECT. Access to the Project from public roadways is provided over the following private roadways:

a. A portion of Manele Road (Lots 7 and 8), which is presently owned by the Developer. Lots 7 and 8 are presently maintained by others, and buyers currently are not responsible for the cost of maintaining Lots 7 and 8. Lots 7 and 8 may be eventually conveyed to the Manele Bay Homeowners Association, or the Developer may retain ownership of those lots or convey those lots to the County of Maui or another third party. If Lots 7 and 8 are conveyed to the Manele Bay Homeowners Association, the Manele Bay Homeowners Association will be responsible for the cost of maintaining Lots 7 and 8. If the Developer retains ownership of Lots 7 and 8 or if the Developer conveys those lots to the County of Maui or another third party, the Manele Bay Homeowners Association may share in the cost of maintaining Lots 7 and 8. If Lots 7 and 8 are conveyed to the Manele Bay Homeowners Association, or if the Manele Bay Homeowners Association shares in the cost of maintaining Lots 7 and 8, as members of the Manele Bay Homeowners Association, buyers would bear a portion of the maintenance costs of Lots 7 and 8.

b. A portion of Hulopo'e Drive (Lots 100 and 101), which is presently owned by the Developer. Lot 100 will be maintained by the owner thereof and the cost of the maintenance of Lot 100 will be shared among the Manele Bay Homeowners Association, the owner of the Golf Course Property (as defined in the Road Maintenance Agreement hereinafter defined) and the owner of the Resort Property (as defined in the Road Maintenance Agreement hereinafter defined), in accordance with that certain Easement for Access and Road Maintenance Agreement (the "Road Maintenance Agreement") between the Manele Bay Homeowners Association and the Developer. Lot 101 will be maintained by the owner thereof and the cost of the maintenance of Lot 101 will be shared by the Manele Bay Homeowners Association and the owner of the Golf Course Property, in accordance with the Road Maintenance Agreement. As members of the Manele Bay Homeowners Association, buyers will bear a portion of the maintenance costs of Lots 100 and 101.

c. A portion of Polihua Place (Easement 160), which is part of the common elements of The Terraces, Manele Bay – Phase IV and will be maintained by the Association of Apartment Owners of The Terraces, Manele Bay – Phase IV. If the Project and The Terraces, Manele Bay – Phase IV are merged, the cost of the maintenance of said portion of Polihua Place will be a common expense of the merged project.

7. FUTURE DEVELOPMENT. Future development, land uses and the population on the island of Lanai are subject to change and potential expansion, and the Developer intends to develop property on Lanai to its fullest potential within economic,

regulatory and other parameters and constraints that may exist from time to time. Accordingly, over time, the population, appearance and uses of Lanai may change, and portions of Lanai now open to the public or buyers of the Project may be restricted or prohibited in the future. The Developer expressly disclaims any representations or warranties contrary to the foregoing.

8. STORM DAMAGE. On January 28, and October 15 through 17, 2002, the Island of Lanai experienced heavy rainfall. Due to this rainfall, various residential properties, the Manele Bay Hotel, the Challenge at Manele Golf Course and the roads and infrastructure in the Manele Bay area experienced damage. Although no one can guarantee that storm damage will not recur in the future, Seller is investigating or has investigated the cause of the damage and the extent to which corrective or remedial action may be necessary or appropriate. For more information, please check with Seller's Sales Office.

D. The developer declares subject to the penalties set forth in section 514A-49(b) that this project is in compliance with all county zoning and building ordinances and codes, and all other county permitting requirements applicable to the project, pursuant to Act 251 (SLH 2000) [Section 514A-1.6] (The developer is required to make this declaration for issuance of an effective date for a final public report.)

E. The developer hereby certifies that all the information contained in this Report and the Exhibits attached to this Report and all documents to be furnished by the developer to buyers concerning the project have been reviewed by the developer and are, to the best of the developer's knowledge, information and belief, true, correct and complete.

CASTLE & COOKE RESORTS, LLC
Printed Name of Developer

By: _____ 8-27-08
Duly Authorized Signatory* Date

Douglas Shipman, Executive Vice President, Real Estate & Island Operations
Printed Name & Title of Person Signing Above

Distribution:

Department of Finance, County of Maui

Planning Department, County of Maui

Must be signed for a: corporation by an officer; partnership or Limited Liability Partnership (LLP) by the general partner, Limited Liability Company (LLC) by the manager or member; and for an individual by the individual.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT A

APARTMENT DESCRIPTION

Apt. Type	Quantity	Bedroom/ Bath	Approx. Net Living Area in Sq. Ft.	Approx. Net Balcony Area in Sq. Ft.
1	1	1/2	1,564	--
1R	1	1/2	1,564	--
2	1	2/2½	1,972	--
2R	1	2/2½	1,972	--
4	1	3/3	2,891	143
4R	1	3/3	2,891	143
5B	1	3/3½	3,385	141
5BR	1	3/3½	3,385	141

Total Apartments: 8

*Net Living Area is the floor area of the apartment measured from the interior surface of the apartment perimeter walls.

Other documents and maps may give floor area figures which differ from those above because a different method of determining the floor area may have been used.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT B

BOUNDARIES OF EACH APARTMENT

Each apartment consists of the spaces within the perimeter walls, and/or the imaginary vertical planes (where there is no perimeter wall), floors and ceilings of the respective apartment as shown on the Condominium Map. The respective apartments shall not be deemed to include the undecorated or unfinished surfaces of the perimeter walls or interior load-bearing walls or partitions, the foundations, columns, girders, beams, floor slabs, footings, supports, roofs and ceilings located within or at the perimeter of or surrounding such apartment, any pipes, wires, vents, shafts, ducts, conduits or other utility or service lines or enclosed spaces for wiring, pipes or air exhaust running through or otherwise located within such apartment which are utilized for or serve more than one apartment, all of which are deemed common elements. Each apartment shall be deemed to include all of the walls and partitions which are not load-bearing and which are within its perimeter walls; the inner decorated or finished surfaces of all walls, floors, roofs and ceilings; all windows, window frames, louvers (if any), shutters (if any), doors and door frames along the perimeter of the apartment; and all of the fixtures and appliances originally installed therein.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT C

PERMITTED ALTERATIONS TO APARTMENTS

Except as otherwise provided in the Declaration or in the By-Laws, restoration, repair or replacement of the Project or of any building or other facility or construction of any additional building or structural alteration or addition to any structure, different in any material respect from said Condominium Map of the Project, shall be undertaken by the Association or any apartment owners only pursuant to an amendment of the Declaration, duly executed by or pursuant to the affirmative vote of seventy-five percent (75%) of the apartment owners and accompanied by the written consent of the holders of all liens affecting any of the apartments, and in accordance with all of the requirements of Paragraph 6 of Section I of the Declaration, and promptly upon completion of such restoration, replacement or construction, the Association shall duly file of record such amendment, together with a complete set of floor plans of the Project as so altered, certified as built by a registered architect or professional engineer; PROVIDED, HOWEVER, that notwithstanding any other provision in the Declaration to the contrary, the owner of an apartment may make any alterations or additions within an apartment and the owner of any two adjoining apartments may alter or remove all or portions of the intervening walls, at such owner's expense, if such alterations or additions are not visible from the exterior of the apartments and if the structural integrity of the building is not thereby affected. The alterations or additions permitted by the immediately preceding proviso shall require only the written approval thereof, including approval of the apartment owner's plans therefor, by the holders of first mortgage liens affecting such apartment (if the lien holders require such approval), by the appropriate agencies of the State of Hawaii and the County of Maui if such agencies so require, by the Board of Directors of the Association (which approval shall not be unreasonably or arbitrarily withheld or delayed), and by all other apartment owners thereby directly affected (as determined in a reasonable manner by the Board of Directors of the Association) and such alterations or additions may be undertaken without an amendment to the Declaration or filing of a complete set of floor plans of the Project as so altered. Prior to the termination of the common ownership of any two adjoining apartments, if the intervening walls shall have been altered or removed pursuant to the foregoing provision and any entrances sealed, the owner of such apartment shall restore such intervening walls and entrances to substantially the same condition in which they existed prior to such alteration or removal.

Notwithstanding any other provision in the Declaration to the contrary, prior to (a) the time that all apartments in the Project have been sold and recorded and

(b) the filing by the Developer of the "as built" verified statement (with plans, if applicable) required by Section 514A-12 of said Condominium Property Act, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which change the configuration of, alter the number of rooms of, decrease or increase the size of, or change the location of any apartment (and the limited common elements appurtenant thereto) in the Project which is not sold and recorded; or to make other alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which make minor changes in any apartment in the Project or the common elements which do not affect the physical location, design or size of any apartment which has been sold and recorded, including, without limitation, changes to the metes and bounds or dimensions of the limited common elements; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 3 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project, and the filing in the office of the Assistant Registrar of the Land Court of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

Notwithstanding any other provision in the Declaration to the contrary, prior to the time that all apartments in the Project have been sold and recorded, the Developer shall have the right to make alterations in the Project (and to amend the Declaration and the Condominium Map accordingly) without the approval, consent or joinder of any apartment owner, which consist of adding a spa and/or a barbecue and sink within one or more terrace areas; PROVIDED, HOWEVER, that any such changes shall be reflected in an amendment to the Declaration as provided in Paragraph 5 of Section T of the Declaration. As used herein the term "sold and recorded" shall mean and refer to the sale of apartments in the Project and the filing in the Office of the Assistant Registrar of the Land Court of the State of Hawaii of apartment conveyances transferring interests in the apartments from the Developer to parties not signatory to the Declaration.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT D

COMMON ELEMENTS

The common elements consist of all portions of the Project other than the apartments, including specifically, but not limited to:

(a) The Land in fee simple;

(b) All foundations, columns, girders, beams, footings, floor slabs, supports, unfinished perimeter, party and load-bearing walls and partitions, roofs, stairways, walkways, corridors, ramps, fences (if any), entrances, entryways and exits of all residential apartment buildings of the Project;

(c) All of the garage buildings, including all foundations, columns, girders, beams, floor slabs, footings, supports, walls, ceilings and roofs, and all windows (if any) and doors;

(d) All walkways, roadways, sidewalks, perimeter walls, retaining walls, fences (if any), gates, courtyard areas, terrace areas, driveways, driveway areas, parking areas, loading zones, yards, grounds, landscaping, trash enclosures, trash enclosure areas and mailboxes (if any);

(e) All pipes, cables, conduits, ducts, sewer lines, sewage treatment equipment and facilities (if any), electrical equipment, electrical rooms, communications rooms, wiring and other central and appurtenant transmission facilities and installations over, under and across the Project which serve more than one apartment for services such as power, light, gas (if any), sewer, water, telephone and television signal distribution (if any);

(f) The eight (8) regular size, uncovered parking stalls, as shown on the Condominium Map;

(g) Any and all other apparatus and installations of common use and all other parts of the Project necessary or convenient to its existence,, maintenance and safety, or normally in common use;

(h) The limited common elements described in Exhibit E attached hereto.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT E

LIMITED COMMON ELEMENTS

(a) Each of the spaces within the perimeter walls, floors and ceilings of the garage buildings, designated on the Condominium Map as Garage Areas G-9A, G-9B, G-9C, G-9D, G-10A, G-10B, G-10C and G-10D, including the inner decorated or finished surfaces of all walls, floors and ceilings, the storage closet(s) (if any) located therein, all windows (if any), window frames (if any), louvers (if any), shutters (if any), doors and door frames along the perimeter of such garages, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(b) Each of the parking stalls within the Project, designated on the Condominium Map as Parking Stalls P-9A, P-9B, P-9C, P-9D, P-10A, P-10B, P-10C and P-10D, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(c) Each of the driveway areas within the Project, designated on the Condominium Map as Driveway Areas D-9A/9B, D-9C/9D, D-10A/10B and D-10C/10D, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment(s) to which it is assigned, as set forth in Exhibit F attached hereto;

(d) Each of the courtyard areas within the Project, designated on the Condominium Map as Courtyard Areas C-9A, C-9B, C-9C, C-9D, C-10A, C-10B, C-10C and C-10D, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(e) Each of the terrace areas within the Project, together with the trellises, if any, spa, if any, and barbecue and sink, if any, located therein, designated on the Condominium Map as Terrace Areas T-9A, T-9B, T-9C, T-9D, T-10A, T-10B, T-10C and T-10D, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(f) Each of the trash enclosure areas within the Project, designated on the Condominium Map as Trash Enclosure Areas TE-9A, TE-9B, TE-9C, TE-9D,

TE-10A, TE-10B, TE-10C and TE-10D, shall be a limited common element appurtenant to and reserved for the exclusive use of the apartment to which it is assigned, as set forth in Exhibit F attached hereto;

(g) Any walkway, stairway, entrance, exit, or steps which would normally be used only for the purposes of ingress to and egress from a specific apartment or apartments shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment or apartments;

(h) Any mailbox assigned to an apartment by the Developer or the Association of Apartment Owners of the Project shall be a limited common element appurtenant to and reserved for the exclusive use of such apartment.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT F

COMMON INTERESTS AND LIMITED COMMON ELEMENTS

Apt. No.	Apt. Type	Bldg. No.	Garage Area No.	Parking Stall No(s).	Driveway Area No.	Courtyard Area No.	Terrace Area No.	Trash Enclosure Area No.	Common Interest
9A	5BR	9	G-9A	P-9A	D-9A/9B	C-9A	T-9A	TE-9A	17.24929%
9B	1R	9	G-9B	P-9B	D-9A/9B	C-9B	T-9B	TE-9B	7.96983%
9C	2R	9	G-9C	P-9C	D-9C/9D	C-9C	T-9C	TE-9C	10.04892%
9D	4R	9	G-9D	P-9D	D-9C/9D	C-9D	T-9D	TE-9D	14.73196%
10A	4	10	G-10A	P-10A	D-10A/10B	C-10A	T-10A	TE-10A	14.73196%
10B	2	10	G-10B	P-10B	D-10A/10B	C-10B	T-10B	TE-10B	10.04892%
10C	1	10	G-10C	P-10C	D-10C/10D	C-10C	T-10C	TE-10C	7.96983%
10D	5B	10	G-10D	P-10D	D-10C/10D	C-10D	T-10D	TE-10D	17.24929%

NOTE: All parking stalls are regular size.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT G

ENCUMBRANCES AGAINST TITLE

1. For any real property taxes that may be due and owing, reference is made to the office of the Tax Assessor of the County of Maui.

2. Subdivision Agreement (Large Lots) dated June 9, 1988, by and between Castle & Cooke, Inc., a Hawaii corporation, and the County of Maui, filed as Document No. 1558116.

3. Private Water System Agreement dated September 5, 1996, by and between Lanai Company, Inc., a Hawaii corporation, and the Department of Water Supply of the County of Maui, recorded in said Bureau as Document No. 96-131737.

4. Unilateral Agreement dated April 28, 1997, by and between Lanai Company, Inc., a Hawaii corporation, and the County of Maui, recorded in said Bureau as Document No. 97-069252.

5. Declaration of Merger of Condominium Phases dated July 28, 1997, filed as Document No. 2393902, as amended from time to time.

6. Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement dated September 19, 2000, by and between Lanai Company, Inc., a Hawaii corporation, as Mortgagor, and Bankers Trust Company, a New York corporation, as administrative agent, as Mortgagee, filed as Document No. 2652427, and also recorded as Document No. 2000-132865, as amended by instrument dated December 17, 2001, filed as Document No. 2767925, and also recorded as Document No. 2002-003149, as further amended by instrument dated March 25, 2003, filed as Document No. 2910517. Said Mortgage was assigned to Wells Fargo Bank, N. A., a national association, by instrument dated November 27, 2001, filed as Document No. 2767926, and also recorded as Document No. 2002-003150.

7. Assignment of Leases and Rents dated September 19, 2000, by and between Lanai Company, Inc., a Hawaii corporation, as Assignor, and Bankers Trust Company, a New York corporation, as administrative agent, as Assignee, filed as Document No. 2655490, and also recorded as Document No. 2000-139600, as amended by instrument dated December 27, 2001, filed as Document No. 2767927, and also recorded as Document No. 2002-003151. Said Assignment of Leases and Rents was assigned to Wells Fargo Bank, N. A., a national association, by instrument dated December 27, 2001, filed as Document No. 2767928, and also recorded as Document No. 2002-003152.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY – PHASE V

EXHIBIT H

DISCLOSURE ABSTRACT

1.	(a)	PROJECT:	The Terraces, Manele Bay - Phase V Manele Bay, Lanai, Hawaii
	(b)	DEVELOPER:	Castle & Cooke Resorts, LLC 1311 Fraser Avenue Lanai City, Hawaii 96763 Telephone: (808) 565-3000
	(c)	MANAGING AGENT:	Hawaiiana Management Company, Ltd. 140 Hoohana Street, Suite 205 Kahului, Hawaii 96732 Telephone: (808) 270-3218

2. USE OF APARTMENTS:

(a) Number of Apartments in Project for Residential Use: 8

(b) Proposed Number of Apartments in Project for Hotel Use: -0-

(c) Extent of Commercial or Other Nonresidential Development in Project: None

3. WARRANTIES:

(a) Home Builder's Limited Warranty. Developer will provide a ten (10) year limited warranty covering "Construction Defects" relating to the Apartment. The terms and conditions of this limited warranty will be set forth in a Home Builder's Limited Warranty ("Limited Warranty Agreement") in the form attached to the Sales Agreement as Exhibit A as a specimen. The Limited Warranty Agreement defines the scope of "Construction Defects", will govern and control the terms of the limited warranty, and will supersede any and all other written or oral warranties, representations or promises as to the Apartment. All warranties with respect to the Apartment are contained in the Limited Warranty Agreement, and Developer provides no other warranties.

(b) Homeowner's Guide Book. Developer will provide to buyer a Homeowner's Guide Book at or prior to closing. This is not a legal document, and does not confer any additional warranty or service and repair rights on buyer. It is for informational purposes and is intended to provide useful maintenance and care tips for the Apartment.

(c) Terms, Conditions, Limitations and Exceptions. Buyer should refer to the Sales Agreement for more information about the Limited Warranty Agreement. Buyer also should refer to the Limited Warranty Agreement which specifies terms, conditions, limitations and exceptions ("Conditions"), with respect to the warranties which it provides. Buyer's rights and Developer's obligations for such work are subject to such Conditions, and buyer must read and understand them.

4. BREAKDOWN OF ANNUAL MAINTENANCE CHARGES AND ESTIMATED COSTS FOR EACH APARTMENT:

Attached to this Disclosure Abstract as Exhibit "1" is a breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, prepared by Hawaiiana Management Company, Ltd., a Hawaii corporation, for the one-year period commencing January 1, 2003, and certified to have been based on generally accepted accounting principles. The attached breakdown of annual maintenance charges and the estimated cost for each apartment are subject to change based on actual costs of the items listed. The Developer can make no assurances regarding the estimated maintenance assessments. Variables such as inflation, uninsured casualty loss or damage, increased or decreased services from those contemplated by the Developer, apartment owner delinquencies and other factors may cause the maintenance assessments to be greater or less than the estimated maintenance assessments. The breakdown of the estimated cost for each apartment contained in this Disclosure Abstract does not include the Buyer's obligation for the payment of the Manele Bay Homeowners Association initiation assessment or the Manele Bay Homeowners Association dues or real property taxes and does not include or otherwise take into account the one-time "start-up" fee required to be paid in addition to the normal maintenance charges. Estimates of the real property taxes will be provided by the Developer upon request.

NOTE: THE DEVELOPER ADVISES THAT COSTS AND EXPENSES OF MAINTENANCE AND OPERATION OF A CONDOMINIUM PROJECT ARE VERY DIFFICULT TO ESTIMATE INITIALLY AND EVEN IF SUCH MAINTENANCE CHARGES HAVE BEEN ACCURATELY ESTIMATED, SUCH CHARGES WILL TEND TO INCREASE IN AN INFLATIONARY ECONOMY AND AS THE IMPROVEMENTS AGE. MAINTENANCE CHARGES CAN VARY DEPENDING ON SERVICES DESIRED BY APARTMENT OWNERS. THE BUYER SHOULD EXAMINE THE MAINTENANCE CHARGE SCHEDULE TO SEE WHAT SERVICES ARE INCLUDED IN THE SCHEDULE.

5. TEMPORARY ASSUMPTION BY DEVELOPER OF ACTUAL COMMON EXPENSES:

The Developer will assume all the actual common expenses of the Project (and therefore an apartment owner will not be obligated for the payment of his respective share of the common expenses) until such time as the Developer files with the Real Estate Commission of the State of Hawaii an amended Disclosure Abstract which states that after a date certain, the respective apartment owner shall thereafter be obligated to pay for his respective share of common expenses that is allocated to his apartment; provided, however, that such amended Disclosure Abstract shall be filed at least 30 days in advance with the Real Estate Commission, with a copy thereof being delivered either by mail or personal delivery after the filing to each of the apartment owners whose maintenance expenses were assumed by the Developer. The Developer shall have no obligation to pay for any cash reserves or any other reserve amounts with respect to or attributable to the period during which the Developer assumes the actual common expenses of the Project.

6. MANELE BAY HOMEOWNERS ASSOCIATION DUES:

Each apartment owner will be required to be a member of the Manele Bay Homeowners Association. As such member, each apartment owner will be required to pay Manele Bay Homeowners Association an initiation assessment and monthly dues.

CERTIFICATE

I, the undersigned, duly sworn on oath, depose and affirm as follows:

1. That I am the President of Hawaiiana Management Company, Ltd., a Hawaii corporation, designated by the Developer of The Terraces, Manele Bay – Phase V condominium project (the "Project") to act as the Managing Agent for the management and administration of the Project.

2. That I hereby certify that the breakdown of the annual maintenance charges and the monthly estimated cost for each apartment in the Project, as set forth in Exhibit "1" attached hereto and hereby incorporated herein by reference, were determined pursuant to a reserve study conducted in accordance with Section 514A-83.6 of the Hawaii Revised Statutes and Chapter 107 of the Hawaii Administrative Rules, and are reasonable estimates for the one-year period commencing January 1, 2003, based on generally accepted accounting principles.

DATED: Honolulu, Hawaii, this 5th day of February, 2003.

Emory W. Bush, CMCA
President

Subscribed and sworn to before me
this 14th day of February, 2003.

Typed or Printed Name: Annie C. Kekoolani
Notary Public, State of Hawaii

My Commission expires: 02-16-06

ANNIE C. KEKOOLANI NOTARY PUBLIC STATE OF HAWAII

EXHIBIT "1"

THE TERRACES, MANELE BAY - PHASE V

Estimated Annual Common Expenses

	MONTHLY	ANNUAL
Utilities		
Electricity (common elements only)	$ 200	$ 2,400
Water and Sewer	185	2,220
Maintenance, Repairs and Supplies		
Buildings	75	900
Grounds	1,300	15,600
Refuse Collection	245	2,940
Pest Control	350	4,200
Management		
Management fee	1,500	18,000
Office and Administration	85	1,020
Insurance	2,585	31,020
Reserves	500	6,000
Professional Services – Legal/Other	25	300
Audit and Tax Preparation	100	1,200
TOTAL DISBURSEMENTS	$7,150	$85,800

ESTIMATED MAINTENANCE CHARGES OR FEES FOR EACH APARTMENT:

(1) The estimated monthly maintenance charge for each Type 1 and Type 1R apartment is $561.87 per month.

(2) The estimated monthly maintenance charge for each Type 2 and Type 2R apartment is $708.45 per month.

(3) The estimated monthly maintenance charge for each Type 4 and Type 4R apartment is $1,038.60 per month.

(5) The estimated monthly maintenance charge for each Type 5B and Type 5BR apartment is $1,216.07 per month.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT I

SUMMARY OF SALES AGREEMENT

A specimen Sales Agreement (the "Sales Agreement"), has been submitted to the Real Estate Commission and is available in the Sales Office of the Seller. ALL BUYERS AND PROSPECTIVE BUYERS SHOULD CAREFULLY READ THE SALES AGREEMENT IN FULL, since this summary is NOT A COMPLETE DESCRIPTION of its provisions. The Sales Agreement, among other things, covers in more detail the following items:

1. (a) Seller will provide a ten (10) year limited warranty covering "Construction Defects" relating to the Apartment. The terms and conditions of this limited warranty will be set forth in a Home Builder's Limited Warranty ("Limited Warranty Agreement") in the form attached to the Sales Agreement as Exhibit A as a specimen. The Limited Warranty Agreement defines the scope of "Construction Defects", will govern and control the terms of the limited warranty, and will supersede any and all other written or oral warranties, representations or promises as to the Apartment. All warranties with respect to the Apartment are contained in the Limited Warranty Agreement, and Seller provides no other warranties.

(b) Seller will provide to buyer a Homeowner's Guide Book at or prior to closing. This is not a legal document, and does not confer any additional warranty or service and repair rights on buyer. It is for informational purposes and is intended to provide useful maintenance and care tips for the Apartment.

(c) Buyer should refer to the Sales Agreement for more information about the Limited Warranty Agreement. Buyer also should refer to the Limited Warranty Agreement which specifies terms, conditions, limitations and exceptions ("Conditions"), with respect to the warranties which it provides. Buyer's rights and Seller's obligations for such work are subject to such Conditions, and buyer must read and understand them.

2. Buyer understands and acknowledges that there may be certain options or alternative plans or designs offered by Seller to purchasers of certain apartment types. Such options or alternative plans or designs are referred to herein as "Standard Change Orders", and shall be subject to such additional charges or costs as Seller may specify. No changes in the design of the Apartment or the limited common elements appurtenant thereto shall be permitted except by a Standard Change Order

agreement executed by both Seller and buyer, and nothing shall require the Seller to permit a Standard Change Order. Buyer understands and acknowledges that the offering of any options is within Seller's sole and absolute discretion. Standard Change Orders for the Apartment or the limited common elements appurtenant thereto (if any are available) must be requested by buyer in writing and confirmed in writing by the Seller prior to the deadlines specified by the Seller for each specific Standard Change Order. No Standard Change Order shall be permitted after those dates. If the Property is purchased after the Standard Change Order deadlines, or if buyer does not request any Standard Change Orders, Seller will construct the Apartment and the limited common elements appurtenant thereto without any such Standard Change Orders and buyer will accept the Property as so constructed. The cost of any such Standard Change Order shall be considered an increase in the Total Purchase Price of the Property, to be paid upon buyer's execution of the Standard Change Order agreement.

3. That certain Declaration of Merger of Condominium Phases filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii (hereinafter called the "Declaration of Merger"), among other things, gives Seller the right, in its sole and absolute discretion, to cause and effect an administrative merger or mergers of the Project with a condominium project or projects located or to be located on lands (or a portion or portions thereof) adjacent to or in the vicinity of the Project, as part of the same incremental plan of development of the Project, such that the use of the respective common elements, the respective common expenses and the management of the respective affairs of the Project and the additional phases are shared, and the administration of the Project and the additional phases is unified under one association of apartment owners, but the ownership interests of the apartment owners of the Project and the additional phases are not altered or affected. The Declaration of Merger also gives the Seller the right, in its sole and absolute discretion, to cause and effect an ownership merger or mergers of the Project and the additional phases, as an alternative to an administrative merger or mergers of the Project and the additional phases, to provide for the common ownership of the Project and the additional phases by all of the apartment owners of the Project and the additional phases all as set forth in the Declaration of Merger. Upon an ownership merger, all of the apartments in the merged phases shall be treated as though they were all included in a single condominium project (the "Merged Project"), all common elements of the merged phases will become the common elements of the Merged Project, and the common interest appurtenant to the Apartment shall be altered to a percentage as set forth in the "Certificate of Ownership Merger" filed by the Seller, in accordance with the Declaration of Merger. Nothing herein will be deemed to require Seller to develop the additional phases or to merge the additional phases into the Project, or to prohibit Seller from dealing with any lands adjacent to or in the vicinity of the Project not merged with the Project, including without limitation, developing all or any part of such lands for purposes inconsistent with the merger of such lands into the Project.

4. Seller has given to and/or may give to one or more lenders a mortgage or mortgages, security agreement or agreements, and other instruments securing repayment of loan(s) and covering Seller's ownership rights in the Project, including the individual apartments. All of the rights and interests which Seller gives to the lender or lenders will have priority over the buyers' rights and interests under the Sales Agreements. This applies to any changes in the loan or loans or the mortgage or mortgages, security agreement or agreements or other instruments (including, among other things, extensions, renewals and other changes). The buyers give up and subordinate the priority of their rights and interests under the Sales Agreements in favor of the rights and interests of Seller's lenders until the final closing and delivery of signed apartment deeds to the buyers. If Seller's lender or lenders ask the buyers to do so, the buyers will sign other documents to confirm the promises and agreements mentioned above.

5. Seller may (but does not have to) cancel the Sales Agreement (a) if the buyer's mortgage loan application is rejected or not approved within 60 days after application, or (b) if the buyer plans to pay the purchase price in cash but Seller is not satisfied for any reason with the buyer's ability to make the cash payments.

6. BUYER AGREES THAT NO ONE (INCLUDING THE SELLER OR ANY SALESPERSON) HAS REPRESENTED TO BUYER AT ALL ABOUT ANY RENTAL INCOME OR RENTAL OR SALES SERVICES FOR BUYER'S APARTMENT. IF BUYER WANTS TO RENT OR SELL THE APARTMENT, HOW BUYER DOES IT WILL BE UP TO BUYER SUBJECT TO THE RESTRICTIONS CONTAINED HEREIN AND IN THE DECLARATION, THE BY-LAWS, THE MANELE COVENANTS AND ANY OTHER DOCUMENTS AFFECTING THE PROPERTY. BUYER ALSO AGREES THAT NO ONE HAS TALKED TO BUYER AT ALL ABOUT INCOME FROM THE APARTMENT OR ANY OTHER ECONOMIC BENEFIT TO BE DERIVED FROM THE PURCHASE OR OWNERSHIP OF THE APARTMENT OR ABOUT THE TAX EFFECTS OF BUYING THE APARTMENT.

7. Buyer will pay for the following closing costs: all of the Escrow fee, all of the conveyance tax, all notary fees, all appraisal fees, all recording costs, all charges for buyer's credit report, all costs of preparing any mortgages and promissory notes, and all title insurance costs. Buyer will also pay all mortgage costs. Buyer will also pay a nonrefundable start-up fee which will be held and used by the Seller and the first Managing Agent of the Association as a working capital fund for the benefit of all the apartment owners. Buyer agrees that Seller does not have to pay any start-up fee for any apartment in the Project even if it is owned by Seller. Proration of maintenance charges and other common expenses, and real property taxes will be made as of the scheduled Closing Date.

8. If buyer fails to make any payment when it is due or fails to keep any of buyer's other promises or agreements contained in the Sales Agreement, then Seller will have the right, at Seller's sole option and in addition to any other rights contained in the Sales Agreement, to do any one or more of the following:

(a) Seller may cancel the Sales Agreement by giving buyer written notice of cancellation and Seller may keep all sums paid by buyer under the Sales Agreement as liquidated damages. If Seller cancels the Sales Agreement, buyer agrees that it will be difficult and expensive to determine the amount of loss or damage Seller will suffer. This is because of, among other things, Seller's commitments relating to the financing of the Project, the effect of default and cancellation of one sale on other apartment sales, and the nature of the real estate market in Hawaii. Buyer agrees that the sums paid by buyer under the Sales Agreement are a reasonable estimate of a fair payment to Seller for Seller's loss or damage resulting from buyer's default.

(b) Seller may file a lawsuit for damages.

(c) Seller may file a lawsuit for "specific performance" (in other words, a lawsuit to make buyer keep all of buyer's promises and agreements, including, without limitation, closing the purchase of the Property).

(d) Seller may take advantage of any other rights which the law allows or which Seller may have under the Sales Agreement.

Buyer also agrees to pay for all costs, including Seller's reasonable lawyers' fees (for both in-house and outside counsel) and the escrow cancellation fee, which are incurred because of buyer's default.

9. If Seller fails to keep any of Seller's promises or agreements contained in the Sales Agreement, buyer, if not in default hereunder, may file a lawsuit for specific performance to require Seller to go through with the Sales Agreement (unless the Sales Agreement is only a "reservation" in which case the terms of Article V, Section E.1 of the Sales Agreement will control), or may exercise any other remedy to which buyer is entitled to at law or equity, including canceling the Sales Agreement, if applicable. If buyer cancels the Sales Agreement because of Seller's default, Seller will repay to buyer all sums paid by buyer to Seller or Escrow under the Sales Agreement, without interest (unless buyer is entitled to the interest pursuant to Article V, Section B.1 of the Sales Agreement).

10. The buyer understands, acknowledges, covenants and agrees to the following:

(a) Utility Effects. The Project is or may be located adjacent to or in the vicinity of electric, water and other utilities and public roads and thoroughfares,

including, without limitation, such things as water pump stations, water tanks, sewer pump stations and reservoirs which may result in nuisances, such as noise and dust, disturbances or hazards (collectively, the "Utility Effects") to persons and to property on or within the Property. Seller is not insuring or guaranteeing the health of buyer or other occupants or users of the Property and disclaims liability for personal injury, illness or any other loss or damage caused by or arising from the Utility Effects including, without limitation, the presence or malfunction of any utility distribution systems that may be located adjacent to, near, or over any part of the Property;

(b) Development Effects. (i) The Project is or may be located adjacent to or in the vicinity of other phases of The Terraces at Manele Bay and various construction activities, including, but not limited to, ongoing residential and related construction, proposed construction of future residential subdivisions and roads, hotels, golf courses, land development activities, one or more recreational centers and facilities, and other construction and development projects (collectively, the "Proposed Development"); (ii) construction of the Proposed Development will or may result in noise, dust, vibration, blasting and other nuisances, disturbances or hazards to buyer and to persons and property on or within the Property or the Project, and may limit buyer access to the Project; (iii) when completed, traffic, lights, noise, dust, vibration and other nuisances, disturbances or hazards to persons and property on or within the Property or the Project may be generated from the Proposed Development; (iv) no representations or warranties are made by Seller, its employees or agents concerning plans, or the absence of plans, by Seller or others for future development of adjacent or nearby properties, and any plans for the future development of adjacent and nearby properties by Seller are subject to change in the sole and absolute discretion of the Seller or its successors and assigns, including, without limitation, changes in the type, location and quality of the development to occur; and (v) Seller makes no representations regarding the view from the Property or any view easements or rights, and the views from the Property are not guaranteed and may be altered, diminished, eliminated or blocked entirely by the future development of adjacent or surrounding properties except as may be contained in the Manele Covenants (items (i) through (v) are hereinafter collectively called the "Development Effects");

(c) Mold Effects. Mold and other forms of fungi are common and occur naturally in Hawaii due to its climate. Any moisture, including but not limited to standing water, water intrusion in a home, or condensation will promote mold or other fungal growth. Lack of maintenance, utilization of an air-conditioner and other conditions which could increase moisture or condensation in a home, will therefore create conditions which are conducive to mold and fungi growth. It has been reported or alleged that molds and other fungi can cause mild to severe allergies, infections and other health problems and property damage (collectively, the "Mold Effects"). Seller is not insuring or guaranteeing the health of buyer or other occupiers or users of the Property

and disclaims liability for personal injury, illness, property damage, or any other loss or damage caused by or arising from the Mold Effects; and

(d) Waiver, Release and Indemnity. Buyer represents and warrants to Seller that buyer, in buyer's sole discretion, has determined that the benefits of owning and enjoying the Property outweigh the risks of the Utility Effects, the Development Effects and the Mold Effects (collectively, the "Property Conditions"). Buyer hereby irrevocably agrees to suffer and permit all actions and consequences incidental to the Utility Effects, the Development Effects and the Mold Effects. Buyer hereby covenants and agrees to assume all risks of impairment of buyer's use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from the Property Conditions, and buyer, for the buyer and the buyer's tenants, lessees, family, servants, guests, invitees, licensees, agents, employees, and those who use the Property through the buyer for an extended period of time (collectively, the "Occupants"), hereby waives any claims or rights of action or suits against Seller, its successors and assigns, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, and property damage or personal injury arising from one or more of the Property Conditions. Buyer shall indemnify, hold harmless and defend Seller, its successors and assigns, from any and all liability, claims, losses, damages, or expenses, including attorneys' fees, arising from such impairment of the Occupants' use and enjoyment of the Property or the Project, loss of market value of the Property, or property damage or personal injury to the property or person of the Occupants as a result of one or more of the Property Conditions. Buyer further covenants that buyer will notify all Occupants and transferees of the Property of the risks of the Property Conditions.

11. Buyer understands and acknowledges that by accepting an interest in the Property, buyer shall assume all risks associated with the location of the Project in the vicinity of or adjacent to a golf course, including, but not limited to, the risk of property damage or personal injury arising from stray golf balls or actions incidental to golf course or resort-related activities (including, without limitation, tournaments, maintenance and repair activities, noise, etc.) and buyer will indemnify and hold harmless the owner of the golf course, the Seller, the Association and the Manele Bay Homeowners Association from any liability, claims or expenses, including attorneys' fees, arising from such property damage or personal injury.

12. Buyer understands and agrees that (i) Seller's obligation to provide landscaping within the common elements of the Project will be deemed fully satisfied upon planting of the plant materials (which need not be in full coverage and maturity) and installation of the irrigation system pursuant to Seller's landscaping plans, as the same may be amended from time to time in Seller's sole discretion; (ii) installation of the plant materials and irrigation system may be completed after the Closing Date; (iii) full maturity of the plant materials will only be reached over an extended period of time and

Seller is not responsible for providing landscaping maintenance to reach full coverage and maturity; and (iv) the Association will be responsible for maintaining the landscaping after installation thereof, even if the landscaping has not reached full coverage or maturity.

13. Buyer understands and acknowledges that the Property will be supplied with potable and non-potable water lines and agrees that the landscaping within the Project shall be irrigated only with water from the non-potable line. Buyer understands and acknowledges that water from the non-potable water lines should not be consumed by people or animals, and that Seller shall not be responsible for any injuries caused to people or animals from the consumption of water from the non-potable water lines. Buyer shall be totally responsible for restricting Buyer's children, guests and animals from consuming water from the non-potable lines. Buyer further understands and acknowledges that the use of non-potable water for irrigation purposes is restricted and that Buyer may be subject to fines or penalties for exceeding the allotted quantity of non-potable water.

14. Buyer understands and acknowledges that water service and wastewater service shall be provided to owners of apartments in the Project and other properties within Manele by Lanai Water Company, Inc. pursuant to terms and conditions established by the Public Utilities Commission of the State of Hawaii ("PUC"). As of January 1, 2003, fees for such non-potable water service and wastewater service have not yet been established nor approved by the PUC.

15. Buyer understands and acknowledges that the United States Postal Services currently has no provision for home mail delivery to the Project. Owners of apartments in the Project may receive mail general delivery in Lanai City or may rent post office boxes in Lanai City. If postal delivery becomes available to the Project in the future, a mailbox will be provided for each apartment.

16. (a) If Closing occurs and any dispute or claim arises out of the Sales Agreement or in any way is connected with the design, development, construction, sale, marketing, financing, warranties, or any other activity or matter relating to the Property, between buyer and Seller (a "Dispute"), and the parties to such Dispute are unable to resolve the Dispute through negotiation, buyer and Seller each agree first to attempt in good faith to settle such Dispute by non-binding mediation conducted in Honolulu, Hawaii. The mediation shall be conducted under the Commercial Mediation Rules of the American Arbitration Association ("AAA") except as may be inconsistent with this section; provided, however, that the parties may agree on the selection of a single mediator instead of having a mediator appointed by AAA, and the parties may agree to use a recognized mediation service other than AAA. The costs for the mediator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the mediation.

At Seller's option, the mediation shall include any of Seller's agents, architects, consultants, engineers, contractors, subcontractors, suppliers, representatives or other third parties (the "Other ADR Parties") as parties. Either party may notify the other party in writing of its request to commence mediation. Prior to the commencement of mediation, buyer agrees to provide Seller, the Other ADR Parties and their consultants with reasonable access to those portions of the Property that are the subject of the Dispute. The parties may agree on the date of commencement of the mediation; provided, however, that (1) if the parties are unable to agree on the date of commencement of the mediation and the mediation does not include Other ADR Parties, then the mediation shall commence within thirty (30) calendar days after either party's written request to commence mediation or as soon thereafter as permitted by the mediator's schedule, or (2) if the parties are unable to agree on the date of commencement of the mediation and the mediation does include Other ADR Parties, then the mediation shall commence within sixty (60) calendar days after either party's written request to commence mediation or as soon thereafter as permitted by the mediator's schedule.

(b) If Closing occurs and the parties are unable to resolve the Dispute through mediation as provided in the preceding section, then such Dispute shall be decided by arbitration in Honolulu, Hawaii. The parties agree that one arbitrator shall be appointed to hear and resolve the Dispute in accordance with the Commercial Arbitration Rules of the AAA (the "AAA Arbitration Rules"), except as may be inconsistent with this section, and Chapter 658A of the Hawaii Revised Statutes, as amended, or its successor ("Chapter 658A"); provided, however that the parties may agree on the selection of a single arbitrator instead of having an arbitrator appointed by AAA, and the parties may agree to use a recognized arbitration service other than AAA. At Seller's option, the arbitration shall include any of the Other ADR Parties as parties. The parties further agree that the award of the arbitrator shall be binding upon the parties and that judgment on the award rendered by the arbitrator may be entered in any court of competent jurisdiction. Notwithstanding anything herein, in the AAA Arbitration Rules or in the rules of any other arbitration service used for the arbitration (the "Other Rules") and/or in Chapter 658A to the contrary, the costs for the arbitrator shall be shared equally by the parties, and each party shall be responsible to pay all other fees and costs, including attorneys' fees, that it incurs in connection with the arbitration. Notwithstanding anything herein, in the AAA Arbitration Rules, in the Other Rules and/or in Chapter 658A to the contrary, the parties hereby waive, and agree not to pursue, any claims against each other for punitive or exemplary damages, attorneys' fees or costs, witness fees or costs or other expenses arising in connection with the arbitration of any such Dispute, and the arbitrator shall not include any such punitive or exemplary damages, attorneys' fees or costs, witness fees or costs or other expenses as part of the award.

17. The buyer agrees that buyer may not transfer the Sales Agreement or any of buyer's rights or interests under the Sales Agreement without first getting Seller's written consent (which Seller may withhold in its sole and absolute discretion).

NOTE: ALL BUYERS SHOULD READ THE SALES AGREEMENT IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE SALES AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE SALES AGREEMENT, AND DOES NOT ALTER OR AMEND THE SALES AGREEMENT IN ANY MANNER.

CONDOMINIUM PUBLIC REPORT ON
THE TERRACES, MANELE BAY - PHASE V

EXHIBIT J

SUMMARY OF ESCROW AGREEMENT

Copies of the Escrow Agreement between the Seller and Title Guaranty Escrow Services, Inc. have been submitted to the Real Estate Commission and are available for inspection in the Sales Office of the Seller. The Escrow Agreement, among other things, covers in more detail the following items:

1. All monies received by Escrow under the Escrow Agreement will be deposited within a reasonable time of their receipt by Escrow and in reasonably convenient and practical sums in a special account or accounts with a federally insured bank or savings and loan association in Honolulu, Hawaii. The accounts must provide for interest at the prevailing interest rate, and all interest paid on the accounts will belong to Seller unless the buyer (a) asks Escrow to establish a separate account for the buyer's deposits, (b) pays Escrow a fee for each separate account Escrow opens for the buyer, and (c) provides Escrow with the buyer's social security number or federal identification number.

2. Disbursements from the buyer's escrow fund shall be made by Escrow in accordance with the respective sales contracts upon the direction of Seller.

NOTE: ALL BUYERS AND PROSPECTIVE BUYERS SHOULD READ THE ESCROW AGREEMENT AND ALL AMENDMENTS IN FULL AS THIS SUMMARY IS NOT ALL-INCLUSIVE AND DOES NOT CONTAIN A COMPLETE DESCRIPTION OF ALL PROVISIONS OF THE ESCROW AGREEMENT. THIS SUMMARY IS INTENDED ONLY TO GIVE A BRIEF DESCRIPTION OF SOME OF THE ITEMS CONTAINED IN THE ESCROW AGREEMENT, AND DOES NOT ALTER OR AMEND THE ESCROW AGREEMENT IN ANY MANNER.